

CALIFORNIA ENERGY COMMISSION

1516 Ninth Street
Sacramento, California 95814

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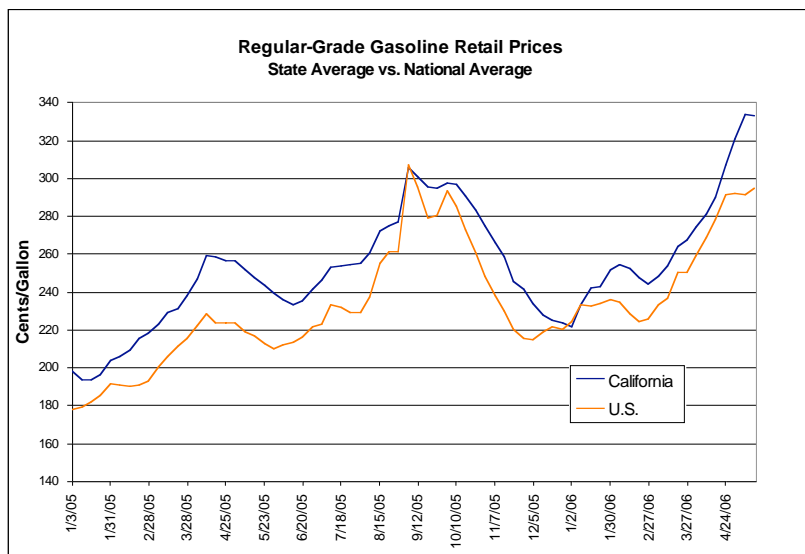
Main website: www.energy.ca.gov

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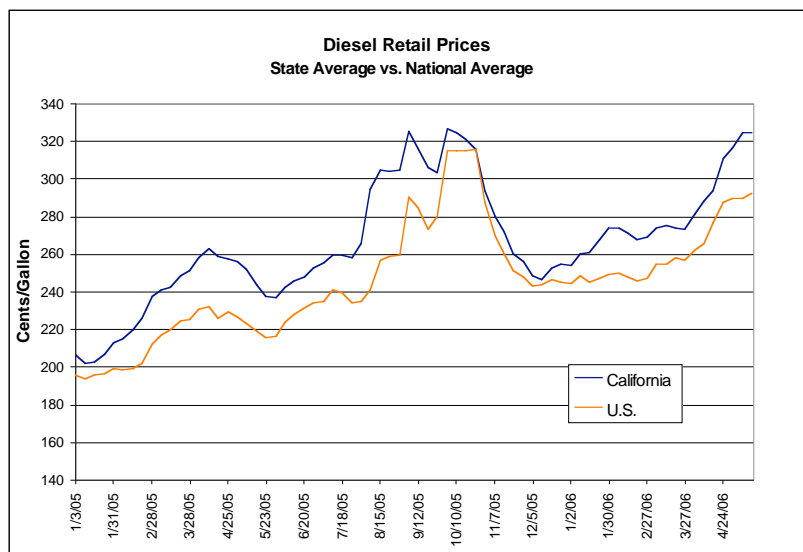
Consumer Information: www.ConsumerEnergyCenter.org

**Petroleum Watch****May 19, 2006*****Retail Gasoline and Diesel Prices on May 15***

- After 10 consecutive weeks of increases, the average statewide retail price for regular-grade gasoline was unchanged at \$3.33 per gallon, \$1.12 higher than the 2006 low of \$2.21 on January 2.
- The difference between California and U.S. retail gasoline prices declined in the last week to 38 cents per gallon, 4 cents less than the previous week.ⁱ



- The average California retail diesel price also was unchanged from the previous week at \$3.24 per gallon. The difference between California and U.S. retail diesel prices declined slightly to 32 cents per gallon.

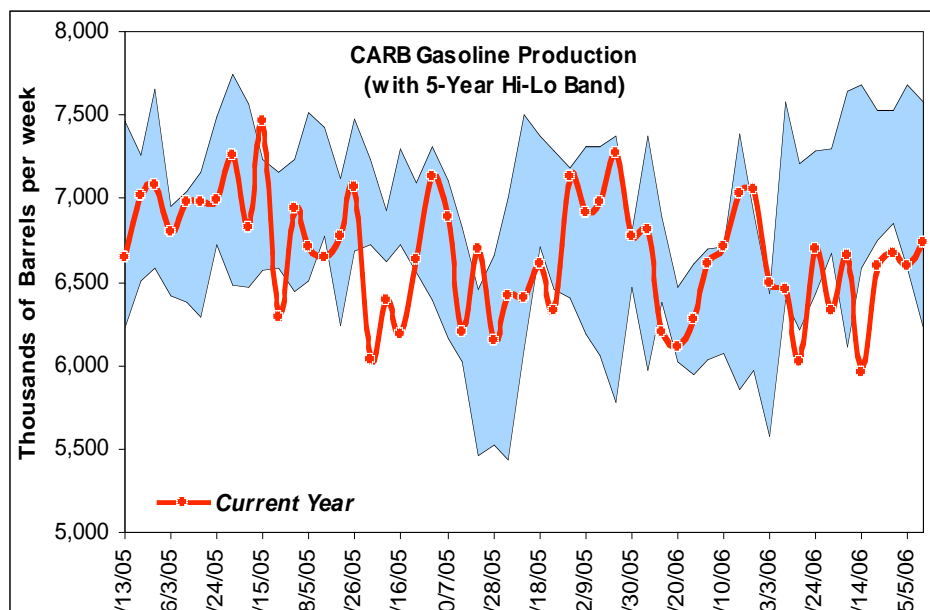


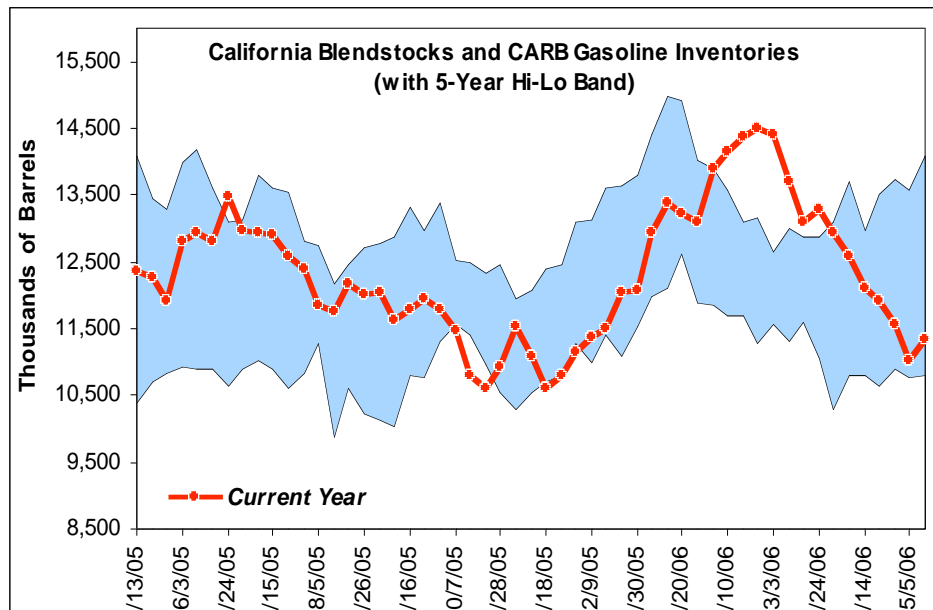
Wholesale Gasoline and Diesel Prices on May 16

- California spot **wholesale gasoline prices** for regular-grade reformulated blendstock for oxygenate blending (RBOB) continue to fall from the record high of \$2.97 per gallon on May 2. Prices have retreated 48 cents to \$2.49 since then but are still 93 cents greater than the 2006 low of \$1.56 on February 14.
- Lower crude oil prices, falling gasoline prices elsewhere in the United States, and increased in-state production and inventories have helped bring California spot prices down.
- California spot prices are 14 cents per gallon higher than those for RBOB on the Gulf Coast and 26 cents higher than RBOB in New York Harbor.
- After reaching a record-high peak of \$2.68 per gallon on May 3, California spot **wholesale low-sulfur diesel prices** have dropped 38 cents to \$2.30. This is still 56 cents higher than the 2006 low of \$1.74 on February 15.
- California wholesale low-sulfur diesel prices are 23 cents higher than Gulf Coast prices, nearly unchanged from last week.
- Steeper wholesale price declines for gasoline in the state have narrowed the difference between California gasoline and diesel spot prices from 23 cents more for gasoline on May 9 to 19 cents more currently.
- The Energy Information Administration weekly assessment for May 12 reports that **U.S. gasoline demand** dropped 0.2 percent from the previous week, while distillate demand fell 1.8 percent. The four-week average demand for gasoline is 9.196 million barrels per day, virtually unchanged from last year. The four-week average for U.S. distillate demand is 4.099 million barrels per day, down 0.4 percent from last year.

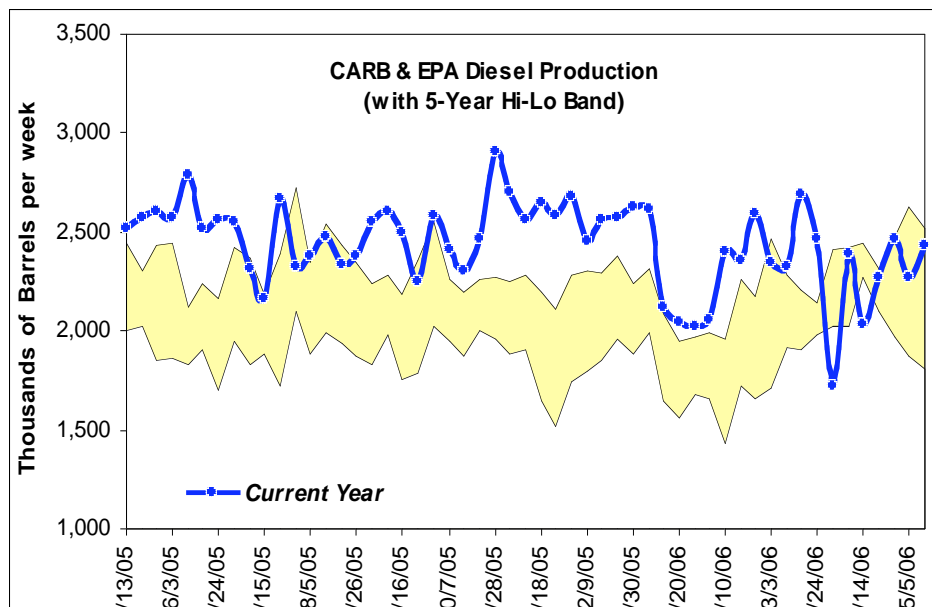
Refinery Production and Inventories

- Reformulated **gasoline production** in California during the week ending May 12 increased to 6.73 million barrels, 2.1 percent higher than the previous week and 1.2 percent more than last year. With refinery production returning from scheduled refinery maintenance and unplanned outages, output has climbed closer to the middle of the five-year range.ⁱⁱ
- California reformulated **gasoline inventories** grew 1.9 percent from the previous week, while gasoline blendstock inventories increased by 3.6 percent. Although refiners have drawn down the large inventory they built up during February and are still at the lower end of the five-year range, combined inventories of reformulated gasoline and gasoline blendstocks in the state increased to 11.3 million barrels.
- U.S. gasoline inventories rose by 1.3 million barrels from the previous week to 206.4 million barrels as of May 12 on a big increase in production and continuing high levels of imports.

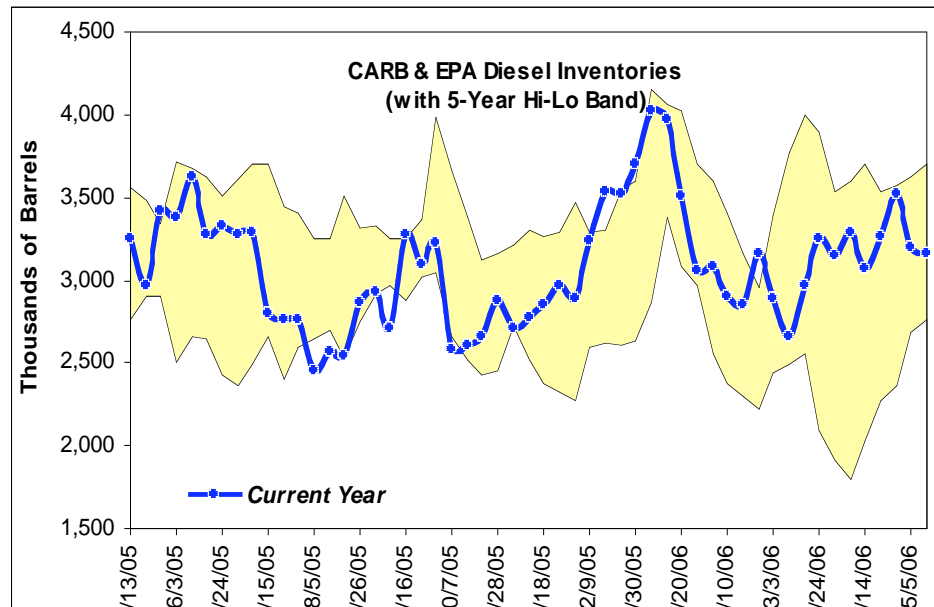




- California low-sulfur **diesel production** during the week of May 12, including both California diesel and U.S. Environmental Protection Agency (EPA) diesel, rose 7.3 percent from the previous week on completion of most refinery maintenance and is again at the upper end of the five-year range.

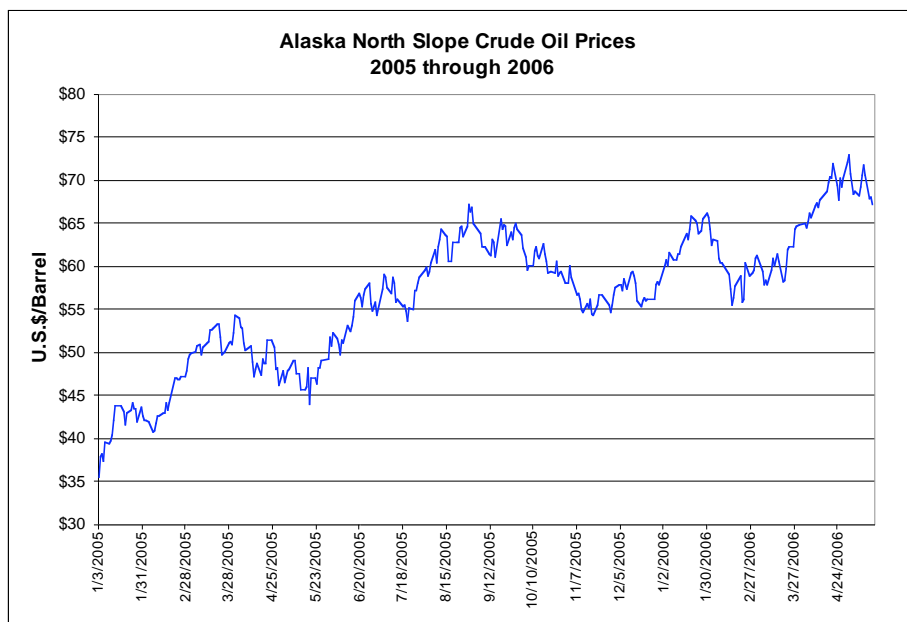


- Combined low-sulfur **diesel inventories** in California decreased 0.9 percent from the previous week to 3.2 million barrels, staying near the middle of the five-year range. U.S. distillate inventories fell by 120,000 barrels from the previous week to 114.6 million barrels as of May 12 but are still 10.8 million barrels more than last year.



Crude Oil Prices and Inventories

- West Coast prices for Alaska North Slope (ANS) crude oil, an important refinery feedstock for California, have vacillated around \$70 per barrel for about a month. Ecuador, Bolivia, and Venezuela have taken new steps toward increasing state control of their petroleum industries; kidnappings and strike threats continue to curtail substantial oil production in Nigeria; and Iran's dispute with Europe and the U.S. over its nuclear program is still far from resolved. However, prices fell slightly last week due to substantial U.S. commercial crude oil inventories, increased Iraqi production, reports from the International Energy Agency of softening world oil demand, and currency adjustments in China that may signal slowing economic growth. After reaching a record high of \$72.88 per barrel on May 2, ANS oil prices have fallen back to \$67.09 per barrel as of May 17.ⁱⁱⁱ



- U.S. commercial crude oil inventories fell slightly to 346.9 million barrels as of May 12, 65,000 barrels less than the previous week, despite higher imports. However, current levels are still 12.9 million barrels higher than last year and 36.1 million more than the five-year average.
- The return of offshore crude oil production in the Gulf Coast has slowed in recent months, and a substantial amount remains off-line. According to the latest available Minerals Management Service report, as of May 3 almost 22 percent of U.S. Gulf of Mexico offshore oil production, or 324,445 barrels per day, was shut down from last year's hurricanes. Almost 154 million barrels of crude oil production have cumulatively been lost to these hurricanes since late August, about 28 percent of annual Gulf of Mexico offshore oil production.

ⁱ Spot wholesale and retail gasoline and diesel prices are from the Energy Information Administration of the U.S. Department of Energy.

ⁱⁱ California refinery production and inventory information are from the Petroleum Industry Information Reporting Act (PIIRA) database maintained by the California Energy Commission.

ⁱⁱⁱ ANS crude oil prices are from *The Wall Street Journal*. U.S. crude oil and product inventory estimates are from the Energy Information Administration of the U.S. Department of Energy.